

Division 16: Department of Mines, Industry Regulation and Safety — Services 1 to 4, Commerce, \$367 589 000 —

Mrs L.A. Munday, Chair.

Mr R.H. Cook, Minister for Commerce.

Mr R. Sellers, Director General.

Mr S. Abdoolakhan, Executive Director, Building and Energy.

Mr G. Newcombe, Executive Director, Consumer Protection.

Mr P. Stewart, Acting Executive Director, Corporate Services.

Mr R. De Giorgio, Chief Finance Officer, Corporate Services.

Ms R. O'Toole, Principal Policy Adviser.

[Witnesses introduced.]

The CHAIR: The estimates committees will be reported by Hansard. The daily proof *Hansard* will be available online as soon as possible within two business days. The chair will allow as many questions as possible. Questions and answers should be short and to the point. Consideration is restricted to items for which a vote of money is proposed in the consolidated account. Questions must relate to a page number, item or amount related to the current division, and members should preface their questions with these details. Some divisions are the responsibility of more than one minister. Ministers shall only be examined in relation to their portfolio responsibilities.

A minister may agree to provide supplementary information to the committee. I will ask the minister to clearly indicate what information they agree to provide and will then allocate a reference number. Supplementary information should be provided to the principal clerk by close of business Friday, 3 June 2022. If a minister suggests that a matter be put on notice, members should use the online questions on notice system.

I give the call to the member for Moore.

Mr R.S. LOVE: I refer to budget paper No 2, volume 1, and the table on page 257, “Details of Administered Transactions”. On the income side, under “Other”, there is “Home Indemnity Insurance”, and \$34 million is being collected this year. The minister will be aware of the situation about which I brought a grievance last week, and my concerns about the level of cover that home indemnity insurance cover actually provides, which is a maximum of \$99 500 after excesses are paid. That does not address some situations that have arisen since a couple of building collapses earlier this year and some issues around people who have had problems with defective homes that are well beyond that level of cover. Will the government consider a move to increase the level of cover available under this scheme from the current \$99 500 after excess?

[11.10 am]

Mr R.H. COOK: Once again, as I mentioned outside, I apologise for not being available for that grievance. As the member will be aware, the government has announced a series of measures to protect local home builders and home owners to help stabilise the building and construction industry and attract skilled workers to Western Australia as part of an acknowledgement that there are some particular pressures and strains on the industry at the moment. Part of that comes down to the cost escalations associated with challenged supply chains and the need for builders to be able to adapt and be resilient in the face of those cost escalations. The other issue that exacerbates the situation is the workforce constraints that we have at the moment, particularly from a 2.9 per cent unemployment rate, which, as I have mentioned in a previous division, is the lowest in the country at the moment. That is an important signal of success in the economy, but with that also comes some pressures on the availability of workforce.

As the member says, with the increase in cost escalations, there is the potential for people to be left out of pocket in situations whereby the maximum claims that they can make under their home indemnity insurance do not meet their full costs. At the moment, we understand that is operating at about four per cent of claims; that is, 96 per cent of all claims do not face the situation whereby the person is out of pocket because the maximum amount that they claim does not meet the full costs that they confront.

From that perspective, we continue to monitor HII very closely, and, most importantly, work very closely with industry to understand the impact that the current scheme has on managing any unfortunate situations that result from a builder going out of business or a builder not being able to complete the project for a range of reasons. We need to monitor that situation carefully and make sure that we are on top of any situation to do with uninsured losses.

I might ask the director general or one of his officers to make any comments to supplement that answer.

Mr R. Sellers: Thank you, minister. I will pass to Saj Khan to address this one.

Mr S. Abdoolakhan: Thank you, minister. I think the minister has covered it really well. What I will add is that we are monitoring the situation. We are working very closely with our insurer, QBE Insurance Group, which is the main insurer—the only insurer currently providing the product. We are working very closely with QBE and we are getting PricewaterhouseCoopers to help us, as well, to look at the trend. As the minister rightly pointed out, we have seen over the years that there are people who are getting uninsured losses, but the numbers may end up changing with an increased sharp rise in the cost of construction, so we are doing some further work in that space, and we will be advising the minister accordingly on what we find and whether there is a need to do anything to the limit going forward.

Mr R.S. LOVE: I am sorry; I did not hear the last part.

Mr S. Abdoolakhan: I said that following the study, we will advise the minister accordingly on the findings and what we are getting PricewaterhouseCoopers to do for us on whether there is a need to review the limit going forward.

Mr R.S. LOVE: When is the review likely to be completed?

Mr R.H. COOK: I will ask Mr Khan to make some comments.

Mr S. Abdoolakhan: We have recently commissioned PricewaterhouseCoopers to look into it for us. We are expecting to have a report by the end of June or early July.

Mr R.S. LOVE: I have a follow-up question. One of the issues that my constituents highlighted was a lack of knowledge about this. I know that in the discussion that took place on this matter in Parliament, there were some moves to publicise a bit of information to people, but we can see how people fall into the misconception that they have a particular level of cover. Although QBE sends out a certificate of insurance with the contract price—maybe \$400 000 or \$500 000—mentioned on it, that is used only to calculate the premium; it is not actually their level of cover. It is probably also a little confusing that the certificate is from QBE, but the Western Australian government is guaranteeing this scheme. I think there is an urgent need for information to be provided at the time that contracts are being signed. Are there any moves in the department to ensure that that information is made available to people at that time so that they can properly match their contract payments to the expected level of risk they face?

Mr R.H. COOK: I thank the member. I will ask Mr Khan to provide some further technical information on that. The member will recall from the announcement recently made by the Premier on supporting the home building industry that part of that was delivering an education campaign for consumers, particularly those affected by delays, and making sure that they understand their rights. I take the member's point about people understanding the role that HII plays. It is not about the value of the home; it is about the value of the uncompleted works. Although someone might be in the middle of constructing a \$500 000 house, it does not mean that they will necessarily need to claim \$500 000; it would be for the unfinished component of that project. That is why we have more confidence in that.

The member is quite right; it is a state government insurance scheme, which we administer through QBE as part of that funding package. I think it is around \$200 000 a year over the forward estimates. Just by way of further information, I would say that the insurance policy is to insure the owner and any successors in title from financial losses in the form of a loss of deposit; non-completion of a home; any defects that may be discovered within six years of practical completion; or in the event that the builder dies, disappears or becomes insolvent.

Mr R.S. LOVE: In order for the government to make an informed decision on this and to actually get some movement, I wonder if it would be worthwhile briefing the Premier on the arrangements, because in the estimates discussions held here on Tuesday or Wednesday, the Premier made a statement along the lines that he preferred not to get involved, he would rather have private insurers dealing with this matter, and he was not aware that the government is already involved. The Insurance Commission of Western Australia did alert him to that at the end of the day, but I think there needs to be an understanding that this is not putting a toe in the water. The government already has its foot in the water; it just needs to get down a bit deeper and actually provide the level of cover that people need.

The minister made the point that the insurance is to help with the unconstructed part of the contract. The problem is that, practically, a home builder trying to get somebody to come into a half-built house and accept the warranty situation and everything else will find, as my constituent did, that it will cost as much again to get someone else to come in as was the original contract price for the half-built house.

Mr R.H. COOK: Member, I appreciate that. I think the Premier was trying to say that we essentially support QBE to provide the product. QBE does the risk assessment, the assessment of claims and the payment of claims, and we support QBE in that endeavour. I think that is the point that the Premier was trying to make.

Mr R.S. LOVE: No; with respect, I think he was talking about risk.

Mr R.H. COOK: I take the member's point that part of the challenge is to find another builder to step in, for want of a better description. These are issues that we discuss and have been discussing with the industry over a period to really look at initiatives and opportunities to continue to support it through what is quite a stressful time for the industry. I hope that as we overcome this period of stress, we will start to see better movement of workforce, both

from interstate and overseas, and as we get through the big flush of home building projects that are taking place at the moment, we will start to see a little bit more flexibility coming into the industry as well.

[11.20 am]

Mr V.A. CATANIA: Legislation was brought in last year to protect subcontractors.

Mr R.H. COOK: The security of payment legislation.

Mr V.A. CATANIA: Yes, the security of payment bill, which did not include cascading trusts to enable some protection of money in the form of deposits so that subcontractors could be protected for the work they had done. A few builders went broke prior to the legislation being introduced and a few have gone broke after the legislation was introduced. Will the government expand that legislation to include the whole construction industry—the housing industry—to protect not only people who get caught out by builders going broke, but also contractors who lose out when a builder goes into receivership and they are left out of pocket if they have done the bricks, tiled a bathroom, installed a roof—you name it? Will the government think about providing some security for those contractors, the tradies, who end up out of pocket as well?

Mr R.H. COOK: The implementation of the Building and Construction Industry (Security of Payment) Act is a pretty complex and long-term piece of work. I might just go through where that particular work is at. I accept that the member says that it should be extended.

Mr V.A. CATANIA: It is hard to find in the budget.

Mr R.H. COOK: It is not in there. I was going to say, “Get stuffed! It’s not in the budget”, but let me provide some information and I will ask one of the officers to provide some also.

Mr V.A. CATANIA: The minister is very kind. I have always said that he is a good minister.

Mr R.H. COOK: That act received royal assent in June last year. Sections 1, 2 and 98 of the act have commenced operation, with the remaining sections to be proclaimed to commence operation, and different dates will be set for the commencement of different sections. Last year’s budget had \$6.4 million going to the Department of Mines, Industry Regulation and Safety for the recruitment of new staff and industry awareness measures to implement and enforce the act. In September 2021, an action plan for implementation was released, setting out when the act will be proclaimed to commence operation. There are three stages to the implementation to enable community awareness measures to be delivered and industry to adapt to its practices. The majority of the act will be proclaimed and commence operation in August 2022. That is for stage 1. Stage 2 will occur in February 2023, and the third and final stage will occur in February 2024. The member will understand from that that the actual implementation of the act is a fairly long-term piece of work.

The nub of the member’s question was: will the government now extend that to the domestic construction industry? In the first instance, I think we should simply implement the scope of the act in its current form and make sure that it does all the things we want it to do and that there are no unintended consequences before we extend it beyond that. There is also a big difference between the domestic housing construction industry and the larger projects, as they tend to involve smaller contractors and even smaller subcontractors than we see on big projects such as Perth Children’s Hospital. From that point of view, it would be a more difficult approach. I will see whether the director general or any of his officers can shed further light on that.

Mr R. Sellers: There is a lot of work involved in this. I know that Mr Abdoolakhan has been involved in industry discussions around different levels, so maybe Mr Abdoolakhan can update us on some of those consultations.

Mr S. Abdoolakhan: What I can add to what the minister and the director general mentioned is that, at this stage, a lot of arrangements are done verbally—there are no written contracts between the builders and the subcontractors. What we are hoping will happen with the new laws is that as part of the \$6.4 million, a fair component of that will be on education about the new laws. We will go out and educate industry about the importance of having written contracts between themselves and the builders. We hope that through this more people will have proper recourse to the law, which they currently do not have because they do not have any written arrangement between themselves and the builder or head contractor.

Mr V.A. CATANIA: I have a further question on the security of payment legislation. Prior to that bill being introduced and assented to, a company called Pindan went into receivership. That company did a lot of work for the government. I do not know whether this comes under the Minister for Housing, who obviously has a lot of skin in the game in terms of the construction and maintenance of the government’s housing stock, but there was a settlement of somewhere in the order of 40¢ to 80¢ in the dollar for those contractors who lost out. Is the minister aware of whether that has been finalised and the subcontractors for the government have been paid in the order of 40¢ to 80¢ in the dollar? The minister can tell me if this is not the area to ask that.

Mr R.H. COOK: I think it is going to be more of the latter, but I appreciate the member’s concern.

Mr R.S. LOVE: I refer to page 248 of budget paper No 2, volume 1, and to the outcomes and key efficiency indicators.

Mr R.H. COOK: Is this under “Industry Advice and Regulation”?

Mr R.S. LOVE: Actually, it is under the heading “Protecting Workers and Supporting Consumers”. Sorry; it is on page 243. I am not really able to identify a specific line item for FuelWatch, but I would have thought that it would come under protecting workers and supporting consumers—it comes under the department—so I will ask for some latitude. Is FuelWatch receiving the level of support it needs to properly inform the community about the situation with fuel? I will ask that and then I will ask a couple of follow-up questions on that matter. As the minister knows, the price cycle seems to have changed and now runs for a fortnight, and fuel prices have been affected greatly by overseas events. There is the potential for consumers to feel that they are being gouged on price. I just want to understand whether the FuelWatch program is being funded properly.

Mr R.H. COOK: I thank the member for the question. FuelWatch is uppermost in people’s minds at the moment as we see the pressure on fuel prices. The member would be aware that the government announced just yesterday that it will extend FuelWatch to the ServiceWA app so that members of the public will have an even easier way to refer to the website and get guidance on the cheapest places to purchase fuel. I wish I had the number off the top of my head, but it is one of the government websites that receives the most hits. I do not want to spoil the officer’s thunder, because I know that Gary has a lot of information that he would like to share in response to the member’s question. With the chair’s indulgence, I will ask Gary to make some comments.

[11.30 am]

Mr G. Newcombe: FuelWatch is relatively small in the sense of the number of people devoted to it, but our promotion of it uses media extensively. As the minister indicated, the website is one of the most visited of any in government. We average 1.5 million hits a month on that. We promote it very regularly. The fuel cycle changed from one week to two weeks. That was driven by a couple of retailers, Ampol being one of them. We do not have control over that and it is not FuelWatch’s responsibility to control that. We have been very active in promoting the impact of that change and advising people to fill up—you see that physically, with people taking note of that, because petrol stations are very active on the days that we put fuel alerts out. That is covered free of charge by all media, including television. We regularly include that in all our other communications. From the point of view of communication, we believe it is a very well-known service within the public and well understood. We do not see a need for more work on publicity.

We have seen more focus on fuel prices, as the member has rightly said, with a significant increase driven largely by overseas conditions and partly also by the dropping Australian dollar, which has an impact on fuel prices in Australia because of the payment differential between the Australian dollar and the US dollar. We have also seen some activity around the commonwealth government’s cut in the federal fuel excise. The commonwealth government did charge the Australian Competition and Consumer Commission with the responsibility for ensuring that cut was passed on. We are also actively monitoring that. We look at the difference between the terminal gate price, or the wholesale price that fuel is sold at, and the retail price. That indicates at the moment, and has since March, that retail margins are quite low—around the 5¢ a litre mark. We are actively in that space looking to see that gouging is not taking place. We have not seen any evidence of that at the moment. We are seeing as well a lot of fuel retailers taking more of their profit from non-fuel sales. Ampol, particularly, has rebranded a lot of its sites as Ampol Foodary. That is because it has a large-scale arrangement for selling non-petrol products.

We are very active in that space. It is very well known that we get a lot of consumer action, which identifies consumers are aware of the price alerts. The two-week cycle is a concern because many people cannot carry through on a full tank. Our advice to people in that case is if they cannot get through with a full tank by purchasing on the cheapest day of the two-week cycle, they should top up, not fill up, in the middle of that cycle because they risk paying a higher cost. FuelWatch also identified very major variations in prices on any particular day, so there is still an opportunity for people to make quite significant savings if they use FuelWatch. Some people do not use it and for them the price of fuel is not a major issue, but where it is, we believe we have the right level of engagement with the community and publicity around it for people to take advantage of it.

Mr R.S. LOVE: Back in March, I think, Josh Zimmerman’s article in *The West Australian* highlighted that the government has the power to intervene in pricing fuel under the Petroleum Products Pricing Act, which is still in force. When the minister says the government does not have the ability to interrupt that fortnightly price cycle, that would seem to fly in the face of the powers that apparently lie under that act, and he could, in fact, intervene to ensure that it goes back to at least a weekly cycle so that motorists are not forced to pay sometimes 30¢ or 40¢ a litre more on a Thursday or a Sunday or whatever the cycle is. Has the government considered beefing up FuelWatch and making it more of an agency that can ensure that consumers are truly protected?

Mr R.H. COOK: As I mentioned, FuelWatch is now being migrated to the ServiceWA app, so everyone will be able to access that information much more easily. The FuelWatch website has 1.5 million hits a month, so we know it is a widely utilised and appreciated service. In relation to the act of Parliament the member referenced, I understand that was some time ago and it has never been utilised, and I think there are significant barriers to utilising it, but I ask Gary to make some further comments.

Mr G. Newcombe: It is true that under that legislation there is a capacity to set a fuel price. I can say that back in the early to mid-1980s that was used. However, what happened was the fuel price that was set and published weekly was always considerably above the maximum price being charged in the market. It never had any impact on reducing the price. Although this is a policy decision, so obviously not for me to say, the difficulty in setting price is manifold in that judgements need to be made about it and there are also questions about whether retailers or suppliers will supply into Western Australia at a price lower, if it is set lower, than they can get in other jurisdictions. Governments normally do not set prices as a matter of course for consumer goods. I can say it was used previously, but it had absolutely no impact on the price charged in the marketplace, and many, many issues would need to be considered if that were used.

What tends to happen—the member has potentially observed this himself—is that often fuel stations that are at the peak of the price are selling no fuel; they do not have customers. If customers purchase on the lowest end of the cycle, in many cases they are buying fuel below the current wholesale price. The way FuelWatch is set up and the market has operated for a long time is to give consumers the information to make the choices and to purchase at the lowest point in the cycle. The member’s point about the two-week cycle has identified that that has created some complications. We are not sure whether that will continue and we are interested in seeing how the market operates. The last major increase that happened was last week, when we saw Puma, an independent that generally prices towards the bottom of the cycle, become the most expensive retailer in metropolitan Perth; it increased its price by more than 45¢ a litre. That is unusual. It is not clear why it has done that. From its point of view, I think it is a mistake, because the independents are real market positioners, driven by them being the cheapest.

As I say, there is that option; it is a matter for government about policy. It was used, but it was completely unsuccessful when it was last used and it has many problems attached to it. FuelWatch itself still gives consumers the information to make the choice to get the best price that is currently available.

Mr R.S. LOVE: The point I was making was not so much that the government should regulate the price, but that it could prevent this long cycle that prevents people from being able to pick a particular day when they can fill up at a reasonable price. I also suggest that it is a very unusual market in terms of structure in that we have very few players at one end, being the wholesale end. There might be competition in the retail market, but I am not sure it is by any means a perfect market, and left to its own devices, it may lead to poor outcomes for consumers. Getting back to that point on consumer protection, it is a reason for the government to make a decision to get a better understanding of what is going on and, if necessary, to act to do that. I ask again: if this two-week cycle continues, will the government act to try to bring that back to something we have been able to traditionally accept in Western Australia, being the one-week cycle?

[11.40 am]

Mr R.H. COOK: We continue to monitor all situations with regard to any economic pressures or strains. We know why the situation with the price of fuel is occurring at the moment. It has to do with international issues, and primarily the geopolitical situation in Ukraine. The member is right: Western Australia is a small market for the wholesalers and, to a certain extent, we are limited in how we can influence their activities. As Mr Newcombe said, they will simply divert their product to other markets where there is less regulation. The way that we empower consumers and make the market work better is to inform consumers to shift their behaviour consistent with the fluctuations in the price of fuel and to take advantage of those price fluctuations. From that perspective, I think the real role of the state government is to make sure that people, as best they can, are informed of any movements in price and can shift their behaviour accordingly.

Mr V.A. CATANIA: I refer to paragraph 6.1 on page 243 of the *Budget statements* that states —

progressing reforms to the *Residential Tenancies Act 1987* to promote security of tenure and reduce time to resolve disputes;

What is the progress of the reforms to the Residential Tenancies Act 1987 to promote the security of tenure and reduce the time taken to resolve disputes?

Mr R.H. COOK: The decision regulatory impact statement made recommendations on the first phase of reforms to the Residential Tenancies Act and is expected to be published in the second half of this year. The DRIS focuses on key proposals to improve tenants’ security of tenure, make tenants feel at home in their rental premises, and streamline the dispute resolution processes. As the member is aware, the act regulates the relationship between lessors and tenants. In December 2019, the Consumer Protection division of DMIRS released a consultation regulatory impact statement—CRIS—for public comment on the review of the RTA. The CRIS outlined a number of potential reforms of the RTA across the life cycle of a tenancy. These include measures to improve tenants’ security of tenure; streamline the dispute resolution processes; introduce minimum standards for rental premises; allow tenants to keep pets and make minor modifications; reduce the frequency of rent increases; and regulate boarding and lodging. More than 350 submissions were received in response to the CRIS proposals. As a result of the coronavirus pandemic, there was a range of delays. Key issues have been prioritised for implementation in the first phase of the

reforms. The DRIS makes recommendations to the government on dispute resolution, security of tenure, frequency of rent reviews, and pets and minor modifications to premises by tenants. It is expected that the DRIS will be published in the second half of this year.

Mr V.A. CATANIA: Thank you, minister. I have a new question. Can the minister also provide an update on paragraph 6.3 on page 243 of the *Budget statements*, “progressing reforms to the Retirement Villages Act 1992”? When will that come before the house?

Mr R.H. COOK: The decision regulatory impact statement around retirement villages recommends making amendments to the Retirement Villages Act to improve consumer protection for residents and prospective residents of retirement villages, to streamline pre-contractual disclosure requirements and to manage significant changes that may need to be made to a retirement village. The member would be aware that there was a lot of coverage on this issue. One of the issues that impacted on residents in particular was when they moved out of a retirement village and had to wait three or four years in some cases before they received the proceeds of the sale of their premises. That put them under significant strain. Under those arrangements, the retirement village owner had to provide them with only the value of their property minus various fees and depreciation and so on after they then onsold the property. Some people were waiting for many months, and often years, before they could receive that entitlement. The CRIS received 156 submissions. We are continuing to work with government and industry on introducing a system of reforms to make sure that people receive their entitlements much sooner. There are discussions with industry about when that time will fall due. Obviously, we want to see that happen sooner rather than later. Industry is telling us it has cash flow issues that it needs to address, so that might require a transition period before implementing the recommendations. I will ask the department to provide further detail.

Mr R. Sellers: Thank you, minister. We had some independent work done that has started to get some granularity around what the difference might be in the cash flow for the businesses and for the people who are waiting. I might ask Mr Newcombe to talk a little bit about some of the other work we are getting done around this.

Mr G. Newcombe: The issue of exit entitlements has been undoubtedly the most contentious issue and has quite differing views from industry compared with residents. It is also an area in which very little work has been done in Australia to justify the positions that have been undertaken. We engaged Western Australian Treasury Corporation to undertake an independent analysis of the issues and what might be an appropriate set of options and what the financial impact of those various options might be for the way the industry operates. There is a bit of a distinction between the industry here in Western Australia and the eastern states in that a lot of the industry here is operated by what we call not-for-profits, as opposed to the commercial enterprises that tend to dominate the eastern states. This is the first work of its kind that has been done anywhere in Australia, and it has been made available and presented to industry. The industry is aware of the analysis and it contributed to and supported that analysis. That has produced a range of options that have been given to government. That is a matter for government to determine at this stage. But, for the first time, we actually have an independent economic assessment of the impact of the requirement to pay out at various times.

Mr V.A. CATANIA: Will these potential changes be done in this term of government?

Mr R.H. COOK: Yes.

Mr V.A. CATANIA: Does the minister have a specific time frame for doing that over the next three years?

Mr R.H. COOK: No. It is still subject to consultation.

Mr V.A. CATANIA: Surely the minister would be putting the people who are out of pocket first or whose ability to move elsewhere and put a roof over their head has been interrupted. Surely this is a priority for the government. There is a sense of urgency for this piece of legislation to protect the residents and allow them to move on. Surely it is a priority for the government, given that it affects quite a few people.

Mr R.H. COOK: Yes, member. We are very concerned about the impact it has on residents, particularly those who have to move on not just to another premises, but, potentially, into hospital or a higher level of care. I know that Mr Newcombe’s division has done quite a bit of work around that cohort, so I might ask him to make some further comments on that.

[11.50 am]

Mr G. Newcombe: Yes, the member is absolutely right. Obviously, our focus is on this issue. Residents leave for three reasons. Unfortunately, one reason is that many actually die and it then becomes an issue for their estate and the estate has an interest. Others move on to higher levels of care and need to make payments for that. A smaller cohort of people might move out of the retirement village entirely or into a different retirement village. The reason it is contentious is that there is the question of when people are paid out.

I will just put the industry position on its behalf. Industry is concerned about the impact on financial viability and having capital reserves to make those payments in advance of a property potentially being sold. That is the point of tension. We have put a lot of emphasis on the need to ensure that residents are paid more promptly than they are now. That is the area in which we are developing some options on a continuum that government will need to consider. I know that government is talking to industry and resident representatives about that as well.

Mr V.A. CATANIA: That was one of the defences, or the defence, for not putting charitable trusts in the subcontractors' security of payment legislation, as committed to by the Labor Party. One of the reasons was that it affects the cash flow of companies that go from job to job or that use the money from one job to top up another job to get that cash flow. However, no-one is talking about the poor old subcontractor who is losing money because of the cash flow required by these so-called big companies. This is the same sort of situation with cash flow. I understand the problems; I am not naive to them, but we have the cash flow of these not-for-profits or whatever and then there is a resident who is at the end of their life and cannot afford to go to a home or who has passed away and their son, daughter or family members need the money for various reasons and cannot get it cleared. One can understand the pain that it causes and also the anger, I would imagine, when everyone talks about the cash flow of the business. What about the cash flow of the individual who is at the end of their life and who does not deserve to go through this heartache? Anything we can do to hasten bringing on legislation to protect the resident or the inheritor is much needed.

Mr R.H. COOK: Thank you, member.

Mr M. HUGHES: I refer to page 242 of budget paper No 2 and paragraph 5. My question relates to the recommendations contained in the building confidence report. Can the minister provide an update on what the government is doing to implement those recommendations?

Mr V.A. CATANIA: In a note to *Hansard*, he has not got his budget paper open. He is reading from a sheet.

Mr M. HUGHES: So what?

Mr P.C. TINLEY: He is studious and has a copious amounts of notes, member. He does not need to refer to the papers.

Mr R.H. COOK: Member, that is exactly what the member for Moore did with his last question. I assume they have made notes.

The CHAIR: Members, we have only five minutes to go, so let us move on. Minister, go ahead.

Mr R.H. COOK: This runs off the back of the report by Professor Shergold and Bronwyn Weir entitled *Building confidence: Improving the effectiveness of compliance and enforcement systems for the building and construction industry across Australia*—otherwise referred to as the building confidence report. That report was commissioned by the building ministers' forum and it produced 24 recommendations to improve the national best practice model for effectively implementing building regulation and the National Construction Code. The McGowan government, in conjunction with all the other states and territories, responded to the building confidence report and committed to reviewing and strengthening the sector through a suite of law reforms. We have already made some advances with those reforms. Last year, the department published the comprehensive Building and energy: Building compliance audit strategy 2021–2024, which sets out the strategic five-year plan and vision for both general and specific compliance audits. The strategy received praise from Ms Bronwyn Weir, who commented on it. Last month, an enforceable code of conduct for building surveyors was approved and published by the Building Commissioner, which clearly sets out the standard of conduct expected of building surveyors operating in WA. In addition, a review into the registration scheme for building engineers in WA, which is a priority law reform, has been finalised and will be considered and released very shortly.

The department is also finalising a broader review to strengthen the state's building laws to reform the process for the approval, certification and inspection of residential and commercial buildings, as well as the registration of builders. I anticipate receiving the final decision regulatory impact statement with recommendations in the second half of this year.

This is an important issue in the context of people having confidence that when they are building, particularly investing in multistorey developments with multiple owners, all the certifications and standards that one would expect for a building of this sort are met. We do not want to see happening in Western Australia those things that we see happening in New South Wales whereby people move into these high-rise apartments and then have to vacate them for safety reasons and are left with no recourse, or a recourse that takes many months or years to receive an outcome on. This is an important initiative. I look forward to continuing to be a part of that national reform process.

Mr V.A. CATANIA: Will a common boundary wall that has not been constructed to specifications and may involve 10 to 20 properties in a housing development be potentially included in this legislation?

Mr R.H. COOK: It goes to the issue of the process certification. It is not necessarily about the quality of the wall, but the quality of the person assessing the wall. If the question is specifically about barriers such as fences and things of that nature, I do not understand the specifics of that. I might ask Mr Abdoolakhan to clarify that for the member.

Extract from Hansard

[ASSEMBLY ESTIMATES COMMITTEE A — Thursday, 26 May 2022]

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Mr Shane Love; Mr Roger Cook; Mr Vincent Catania; Mr Matthew Hughes

Mr S. Abdoolakhan: The answer is no. The dividing fence laws come under different legislation. The part of the project that we have been working on is about reviewing the full approval process for buildings in general—single residential buildings and apartment buildings et cetera. As part of that, we are looking at the process for the registration of builders. We are proposing a system of improving the certification for buildings going forward. The work on dividing fence laws has not started. Our priority has been to focus our work on security of payment, which has been high on our agenda, and reforming the registration scheme, which is a bigger amount of work, and the approval process. The next item on our agenda will be dividing fences, but that will be further down the track. At this stage, we have not been devoting any resources to that.

The appropriation was recommended.

Meeting suspended from 11.58 am to 1.00 pm